

P. State-Placed Student Issues

Background	2
Department of Education Process for Reviewing State-Placed Student	2
Requirement to File Medicaid Claims for State-Placed Student Funding.....	3
Loss of Medicaid Funds Held Once Filing Deadline Past.....	4
Education Surrogate Parents	5
FY 08 State Funding Positions for State-Placed Students.....	6&7

P. State-Placed Student Issues

BACKGROUND

The connection was made between Medicaid Claims and State-Placed Students because the State-Placed Student appropriation has consistently run over budget even with significant annual increases approved by the Legislature. During the 1999 Legislative Session, Medicaid changed from being based on an interagency agreement to being covered by statutory language 16 V.S.A. § 2959a. Part of the Medicaid provision enacted allows for the State to keep the funds generated for State-Placed Students. This was the means established by the Legislature to provide additional funding so that the Department of Education could pay the costs for State-Placed Students. Thus the State is counting on the funds from the Medicaid claims for State-Placed Students in order to have sufficient funds to pay for State-Placed Student claims.

The last sentence of subsection (c) of 16 V.S.A. § 2959a states:

The commissioner of education may withhold payment due a school district pursuant to § 2950 of Title 16 for a Medicaid-eligible state-placed student if the school district has not submitted a Medicaid claim for reimbursable services for that student.

The State-Placed Student reimbursement provisions are covered by § 2950. Thus the Department of Education may withhold State-Placed Student reimbursement due a school district if the school district has not submitted whatever Medicaid claims could be filed for that State-Placed Student. Although the law says “may”, the then Commissioner of Finance & Management made it clear when the law passed that “may” here really means that the Department **will** withhold.

DEPARTMENT OF EDUCATION PROCESS FOR REVIEWING STATE-PLACED STUDENT CLAIMS (WORKSHEET A’S)

School districts submit as part of their Special Education Expenditure Reports a bill to the State for the special education costs for State-Placed Students. The form used for the bill is called Worksheet A. The reporting schedule for Special Education Expenditure Reports and Worksheet A is as follows:

Period Covered by Report	Due Date of Report	Medicaid Claims need to be filed through:
July 1 through October 31	November 15 th	September
July 1 through February 28	March 15 th	January
July 1 through June 30 (estimated)	mid-May (optional)	March
July 1 through June 30	August 1 st	June

Once the school districts submit the Worksheet A’s to the Department of Education, a copy of the form is sent to the Federal Programs Administrator of the Student Support Team for review. The Federal Programs Administrator is responsible for:

- (1) deciding whether the student is State-Placed or whether additional information is needed to make that determination and

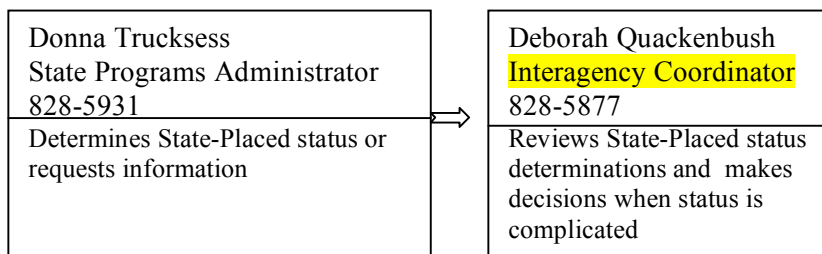
- (2) determining if the appropriate Medicaid claims have been filed for the student based on the services being billed on Worksheet A.

By definition, a State-Placed Student is one placed in a school district other than the district of residence of either of his/her parents or legal guardian. Vermont law makes the school district where the student is residing responsible for the student's education (16 V.S.A. §1075 (c)). The State pays for the majority of the education costs for State-Placed students. Worksheet A of the Special Education Expenditure Report is the method used to claim reimbursement for special education services provided to State-Placed students on IEP's.

The Department has information from the Department of Children and Families (DCF) on which to make State-Placed Student status decisions for students in the custody of the Commissioner of DCF. Historically, however, minimal information has been sent to the Department directly from other State agencies concerning students who might be considered State-Placed. This puts the burden of proving State-Placed status for non-DCF students on the supervisory union/school district that is submitting the claim. To make a State-Placed student status determination, the following information is needed:

- a) Name of placing agency,
- b) Name and telephone number of contact person at the placing agency, and
- c) Name and town of residence of parents/guardian.

The Interagency Coordinator reviews the State-Placed status decisions made by the Federal Programs Administrator. Once the State-Placed status decisions have been made for students listed on Worksheet A, a memo is sent to the special education administrator for the supervisory union showing which Worksheet A claims are approved for payment and which are questioned. The supervisory union will have a short period of time to provide additional information prior to the payments being made. If you are providing information in response to one of these memos, the best way is to write the additional information on the memo and send it back to the Federal Programs Administrator after keeping a copy for the school district's record. The following shows the staff involved in reviewing Worksheet A's and the appeal route.



REQUIREMENT TO FILE MEDICAID CLAIMS FOR STATE-PLACED STUDENT FUNDING

The current policy is that \$1,000 of the State-Placed student reimbursement requested on Worksheet A is held for each missing Medicaid claim. The State-Placed student reimbursement held cannot exceed the amount claimed for the student as State-Placed student reimbursement. So, if the State-Placed student reimbursement requested on Worksheet A was \$2,550 for an individual aide for the period October 15th through December 12th, then the total amount of the claim \$2,550 would be held instead of \$3,000 (\$1,000 for each of three LOC claims.) When the payments are made for the Special Education Expenditure Reports, information on the funds

being sent is provided to the two individuals designated by the superintendent to receive the documentation. The documentation will show the amount being held for Medicaid claims noted on the Worksheet A. An Attachment 5 will be sent to the two individuals designated to receive documentation and to the Medicaid clerk showing the specific Medicaid claims missing for each of the students on Worksheet A.

The Commissioner of DCF (formerly SRS) has signed a consent for the release of information for any child in DCF custody. This form serves as consent for the period that a child is in DCF custody. However, the supervisory union needs to make sure that the student is in the custody of DCF (being a State-Placed student does not mean that the student is in DCF custody). The definition of State-Placed is that the student is placed by a State agency – not just DCF. **The blanket release only applies to students in DCF custody.** Students are no longer in DCF custody once they turn 18.

Once it is confirmed that the student is in DCF custody, the Medicaid clerk makes a copy of the blanket release for the student's Medicaid file. The student's name, date of birth, Medicaid ID number, and the date the form was placed in the student's file is added to the form. This will serve as the Release of Information until the student is no longer in DCF custody. If the student leaves DCF custody, then a "Release of Information" must be on file from the student's current legal guardian. The supervisory union needs to stop submitting Medicaid claims until the new consent is obtained.

LOSS OF MEDICAID FUNDS HELD ONCE FILING DEADLINE PAST

The following is the procedure that the Department of Education implemented to deal with State-Placed student funding that was held due to missing Medicaid claims once the deadline for filing the Medicaid claims has passed.

1. Justification regarding unbilled Medicaid claims can be sent to the Medicaid Unit Coordinator **at any time**. The information will be reviewed and notification regarding the decision will be sent to the supervisory union. Please include as much information as possible when justifying the reason for unbilled claims.
2. In January, notification regarding all missing claims that have not been previously justified will be sent to the supervisory unions to request justification. A letter regarding the reason for the unbilled claims should be sent to the Medicaid Unit Coordinator within 30 days. The information will be reviewed and notification regarding the decision will be sent to the supervisory union.

Supervisory unions are strongly encouraged to file appropriate Medicaid claims within the filing deadline. This ensures that the school district receives their funding and the State receives the Medicaid funds needed to help pay State-Placed student claims. The Department realizes that there are a number of reasons that might have prevented the supervisory unions from filing Medicaid claims for State-Placed students. Therefore, there is the opportunity for supervisory unions to explain why the claims were not made and the possibility of eliminating any penalty. When submitting a justification letter please include the level of care the claim would have been billed at.

EDUCATIONAL SURROGATE PARENTS

Students who are in the custody of a State agency have an educational surrogate parent appointed to act as their parent during the special education process. The surrogate parent can sign the Release of Information form (although not always necessary as we have the blanket DCF letter). The surrogate would also review the Medicaid billing paragraph in the IEP.

FY-2008 STATE FUNDING PROVISIONS FOR STATE-PLACED STUDENTS

State-Placed Student is defined by 16 V.S.A. §11 (a)(28) as follows:

(28) “State-placed student” means

(A) a Vermont pupil who has been placed in a school district other than the district of residence of the pupil’s parent, parents or guardian or in an approved residential facility by a Vermont state agency, a Vermont licensed child placement agency, a designated community mental health agency, or any other agency as defined by the commissioner, or

(B) a Vermont pupil who:

(i) is 18 years of age or older,

(ii) is living in a community residence as a result of placement by a Vermont state agency, a licensed child placement agency or a designated community mental health agency, and whose residential costs are paid for in whole or in part by one of these agencies, and

(iii) resides in a school district other than the district of the pupil’s parent or parents, or

(C) a pregnant or postpartum pupil attending school at an approved education program in a residential facility or outside the school district of residence pursuant to subsection 1073(b) of this title.

“State-placed student” does not include pupils placed within a correctional facility or in the Woodside Juvenile Rehabilitation Center or The Eldred School operated by the Vermont State Hospital.

Regular Education Funding (16 V.S.A. §4001 & 4010) for regular education and vocational education services is allowed if the student’s education costs are not fully funded under 16 V.S.A. §2950 (a). In other words, if total cost of the student’s education has been reimbursed as State-placed student LEA reimbursement by paying a special education tuition or total costs on Worksheet A, then the school district is not entitled to count the student as being educated at the school district’s expense. If the student is being educated at the school district’s expense, the funding mechanism for the student’s educational cost depends on which option the school district uses to provide education for students at the grade level of the State-placed student:

(a) operates a school or

(b) tuitions its students.

(a) *If the school district operates a school* for the particular grade level, the school district lists the student on the ADM State-placed student report covering the complete prior school year. Once verified, the full-time equivalent number of State-placed students for the one year is added to the average ADM of resident students for the current and previous year. This count is used as the basis for the equalized pupil count that is used to calculation next year’s education homestead tax rate.

(b) *If a school district provides for the education of its students at the particular grade level by paying tuition*, the student is not counted in ADM. Instead under 16 V.S.A. §4012, the school district submits a claim to the Vermont Department of Education and receives the tuition amount prorated for the days for which the school district is billed.

(Note: The statutory wording uses “billed” because of the tuition charging policies of independent schools which often involves charging for a whole semester or school year if the student is enrolled as of a certain date. Under 16 V.S.A. §166 (f), independent schools are required to bill for State-placed students on a monthly basis and are not allowed to bill for any month in which the student was not enrolled.)

Reimbursement for Additional Costs for Non-Special Education Services (See Information Circular No. 96-187) for State-placed students is allowed under 16 V.S.A. §2950 (a). There is a separate application and reporting procedure for this funding (see SBE Rule 2366.7.2 (3) & (4)). These costs are **not** included on Worksheet A of the Special Education Expenditure Report.

Reimbursement for Eligible Special Education Services for State-placed students are allowed under 16 V.S.A. §2950 (a) and are generally referred to as State-placed student LEA reimbursement. The costs which are reimbursable are allowable special education costs for other than mainstream services. The mainstream services are defined by SBE Rule 2366.7.2 as learning specialist services, resource room services, speech-language pathology services and special education administration. (Act 82 of the 2007-2008 Legislative Session allows for the reimbursement of mainstream special education cost but is not effective until July 1, 2008.) The special education costs for State-placed students are reported on the Special Education Expenditure Report and itemized on Worksheet A. Payments are made on a reimbursement basis except that estimated final reports filed in May are reimbursed prior to the end of the fiscal year if funds are available.

Residential Placements for State-placed students are paid for directly by the State agencies under 16 V.S.A. §2950 (b). The education costs are paid for directly by the Department of Education as long as the placement is not found to be inappropriate for the student’s educational needs by the State Interagency Team. The remaining costs of the residential placement are paid by the State agency responsible for the placement.

Out-of-State Education Costs for State-placed students are paid by the Department of Education pursuant to 16 V.S.A. §2950 (c) if the student is attending a public school.

Medicaid Reimbursement Funds generated by State-placed students are retained by the State. Pursuant to 16 V.S.A. §2959a (c), failure of a school district to submit Medicaid claims for Medicaid-eligible State-placed student costs claimed on Worksheet A will result in the withholding of State-placed student reimbursement under 16 V.S.A. §2950.

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